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EA 0432*

26 January 1982

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director of Central Intelligence  
Executive Director

FROM: James N. Glerum  
Director of Personnel

SUBJECT: Overseas Compensation Study

1. Attached is a copy of the final report on the overseas portion of the Compensation Study conducted by Towers, Perrin, Forster and Crosby (TPF&C). We had established a completion target of 15 January 1982 to allow for internal review and discussion prior to our 1 February 1982 deadline for submission to appropriate Congressional Committees and OMB.

2. While the consultants developed a number of recommendations, their most significant findings support premium pay treatment for overseas personnel and conclude that if the Agency had not instituted the interim overseas differential, serious overseas personnel problems would have probably surfaced. By quantifying the linkage of our positions with their State counterparts, they have squarely addressed the concerns of our oversight groups. Also by recommending extension of the interim overseas differential, even though making a case for a more permanent solution later, they have bridged the gap into Phase II which will deal with the wider question of a new, unique Agency-wide pay plan.

3. I am well satisfied with the project management, adequacy of the data base and soundness of the methodology followed. Further, I believe that the conclusions and recommendations are well supported and defensible.

4. Attached, for your signature, are letters transmitting the report to the oversight committees and the Office of Management and Budget, highlighting significant findings and conclusions.

5. We have already begun Phase II with a completion target date of 1 April 1982.

*For James N. Glerum*

James N. Glerum

Att

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Washington, D.C. 20505

28 January 1982

The Honorable Edward P. Boland, Chairman  
Permanent Select Committee on Intelligence  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In my letter of 31 October 1981, I notified you that I had engaged the services of the consulting firm of Iowers, Perrin, Forster and Crosby (IPF&C) to address your concerns regarding our compensation of CIA personnel. IPF&C has completed this task and summarized its conclusions in the enclosed report which I agreed to have in your hands by 1 February 1982.

You will remember that in order to examine the effectiveness of our compensation practices and to adequately deal with the question of pay comparability, you asked CIA to undertake a review of selected overseas Intelligence Community positions. We consequently invited other major Community agencies such as the Department of State, the National Security Agency, and the Defense Intelligence Agency to participate. Each of these gave us their fullest cooperation and has been briefed as to findings and furnished with copies of the report.

While the report stands alone, I would like to call your attention to a few relevant points as to the methodology followed and recommendations made by the consultants. First, regarding methodology, because we insisted that the consultants take a first-hand look at representative positions, two teams (accompanied by CIA and NSA representatives) were sent to seven foreign field sites and received 21 briefings and conducted, in the aggregate, 127 interviews. Secondly, we asked that they follow a total compensation approach, thus examining the benefit package as well as base salary. Third, for ease of understanding, we requested that, as a means of measuring comparability, they utilize the Factor Evaluation System which has wide-spread usage in the Federal personnel community.

After concluding from their fact-finding survey that additional pay for CIA and NSA overseas employees is warranted, IPF&C recommended that the Agency retain, on an interim basis, the present overseas differential pending the outcome of additional study and the possible need for a different CIA pay system.

Individual portions of this document are unclassified; however, the aggregate is classified Confidential when separated from Secret enclosure

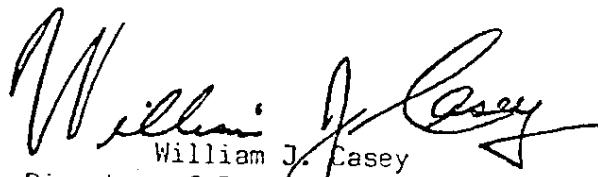
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I agree with the conclusions of the consultants that the overseas differential should be considered a temporary measure and that additional study is needed to determine whether CIA should establish a new overseas or Agency-wide pay system. We plan to proceed accordingly and will know within a few months which direction the recommendations will take us.

Now that the overseas question has been examined, I expect TPF&C to complete the remaining portion of their review by mid-April. We will need a short amount of time after this to consider any additional recommendations. In the interim, until we can agree on a permanent solution, I request your continued support of the existing (9.6%) overseas differential. We will be available to discuss any questions you may have concerning the study.

Sincerely,

  
William J. Casey  
Director of Central Intelligence

Enclosure  
Copy 1

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Washington, D.C. 20505

28 January 1982

The Honorable Barry M. Goldwater, Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

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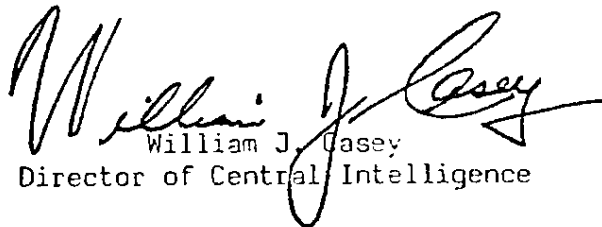
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William J. Casey  
Director of Central Intelligence

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Central Intelligence Agency

Washington, D.C. 20505

28 January 1982

The Honorable Ted Stevens, Chairman  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

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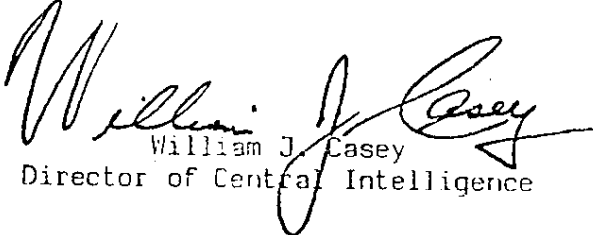
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*24 Dec 82*

Washington, D.C. 20505

28 January 1982

The Honorable Joseph P. Addabbo, Chairman  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives  
Washington, D.C. 20515

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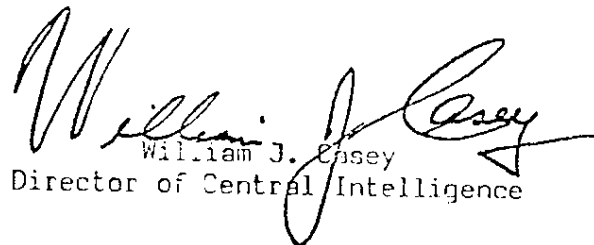
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Washington, D.C. 20505

28 January 1982

The Honorable David A. Stockman, Director  
Office of Management and Budget  
Washington, D.C. 20513

Dear Mr. Stockman:

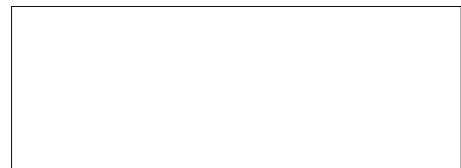
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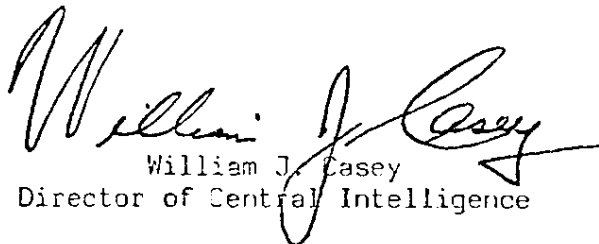
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William J. Casey  
Director of Central Intelligence

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TOWERS, PERRIN, FORSTER & CROSBY

2101 L STREET, N.W.  
WASHINGTON, D.C. 20037  
(202) 466-4440

WILLIAM A. JAFFE  
Vice President

January 15, 1982

Central Intelligence Agency  
Washington, D.C. 20505

Re: Agency Compensation Study  
Contract No. 81-A610400-000


Gentlemen:

TPF&C is pleased to present the results of its detailed analysis of the overseas pay portion of our compensation study for the Agency.

We appreciated the excellent cooperation and support we received in the conduct of the first phase of our assignment and look forward to completion of the Contract.

Respectfully submitted,

Towers, Perrin, Forster & Crosby

by   
William A. Jaffe

WAJ:md